

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES AND ENERGY
IN AND FOR THE STATE OF UTAH

-----	*	
IN THE MATTER OF THE PETITION	*	
OF TXO PRODUCTION CORPORATION	*	FINDINGS OF FACT
FOR AN ORDER ESTABLISHING 320	*	AND ORDER
ACRE DRILLING AND SPACING UNITS	*	
FOR THE WASATCH AND MESA VERDE	*	
FORMATIONS UNDERLYING SECTIONS	*	Docket No. 85-056
2, 3, 5 AND 8 OF TOWNSHIP 11	*	Cause No. 210-3
SOUTH, RANGE 23 EAST, S.L.M.,	*	
UINTAH COUNTY, UTAH.	*	
	*	

Pursuant to the Petition of TXO Production Corporation, this cause came on for hearing before the Board of Oil, Gas & Mining, Department of Natural Resources and Energy, State of Utah, on Thursday, October 24, 1985, at 10 o'clock a.m. in the Board Room of the Division of Oil, Gas & Mining, 355 West North Temple, 3 Triad Center, Suite 301, Salt Lake City, Utah. The following Board members were present:

Gregory P. Williams, Chairman
James W. Carter
Charles R. Henderson
Richard B. Larsen
E. Steele McIntyre

The Board was represented by Mark C. Moench, Esq.,
Assistant Attorney General for the State of Utah.

Appearances for the Division of Oil, Gas & Mining were made by:

Dr. Dianne Nielson, Director
Division of Oil, Gas & Mining

Ronald J. Firth, Associate
Director, Oil & Gas

John R. Baza, Petroleum Engineer

The Division was represented by Barbara W. Roberts, Assistant Attorney General for the State of Utah.

The Petitioner, TXO Production Corporation, was represented by John A. Harja and Thomas A. Mitchell of Hugh C. Garner & Associates, 310 South Main Street, Suite 1400, Salt Lake City, Utah 84101.

Testimony was given by:

Ricky J. Taylor; Geologist, for Petitioner
Russ E. Gillis; Petroleum Engineer, for Petitioner
Thomas A. Mitchell, Attorney-at-law, for Petitioner

Mr. Howard Cleavinger, district geologist with the Vernal Office of the Bureau of Land Management was present and made a statement for the record.

NOW, THEREFORE, the Board, having considered the testimony adduced and the exhibits reviewed in said hearing and being fully advised in the premises, now makes and enters the following:

FINDINGS OF FACT

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties as required by law and the rules and regulations of the Board. The

parties specifically served with notice are listed in the Amended Exhibit "A" attached to the Petition.

2. The Board has jurisdiction over the subject matter of the Petition and over all parties interested therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Amended Petition in this matter is a request to establish 320 acre drilling/spacing units for the Wasatch and Mesa Verde formations underlying Sections 2, 3, 5 and 8 of Township 11 South, Range 23 East, S.L.M., Uintah County, Utah. The Petition requests that the spacing units in Section 8 be oriented in a "lay down" (N1/2 and S1/2) fashion, and that the existing Cracker-Federal No. 1 well be approved as the current production well for the 320 acre unit composed of the N1/2 of Section 8. In addition, the Petition requests that the orientation (lay down or stand up) of the drilling units in Sections 2, 3, and 5 be determined after the first well is completed in each section. Finally, the Petition requests that the permitted well locations in each section be located no closer than 500 feet from the unit boundaries.

4. Pursuant to a request by the Division of Oil, Gas & Mining, Petitioner made an oral motion at the hearing (pursuant to Rule 5(b)(4)) that the requested well location provisions in the Petition be changed to the following:

- a) no closer than 1,000 feet from the unit boundaries, with a 500 foot tolerance to be approved by

the Division of Oil, Gas & Mining for topographical, geological, cultural or other reasons; and

b) a minimum of 2,500 feet between wells producing from the Wasatch and Mesa Verde formations, with a 500 foot tolerance to be administratively approved by the Division of Oil, Gas & Mining for topographical geological, cultural, or other reasons.

Requests for administrative approval of tolerances will be reviewed pursuant to Rule 302.1 of the general substantive rules governing oil and gas operations in Utah (or any other rule in effect at the time of such request). The motion to amend the Petition was granted by the Chairman.

5. Petitioner's geologic and petroleum reservoir testimony indicates that the Wasatch and Mesa Verde formations extend under all four of the subject sections, and that 320 acre spacing is appropriate for the area because 320 acre units will allow the area to be developed in the optimum manner, as well as prevent waste, prevent the drilling of unnecessary wells, and protect the correlative rights of the various mineral interest owners.

Sufficient evidence now being available upon which to reach a decision, the Board issues the following:

ORDER

1. 320 acres drilling/spacing units are hereby established for the production of hydrocarbons from the Wasatch

and Mesa Verde formations underlying Sections 2, 3, 5 and 8 of Township 11 South, Range 23 East, S.L.M., Uintah County, Utah.

2. The location for the one authorized well in each unit shall be within the area that is:

a) no closer than 1,000 feet from the unit boundaries, with a 500 foot tolerance to be approved administratively by the Division of Oil, Gas & Mining for topographical, geological, cultural or other reasons; and

b) no closer than 2,500 feet from other wells producing from the same formations, with a 500 foot tolerance to be approved administratively by the Division for topographic, geologic, cultural, or other reasons.

Requests for administrative approval of tolerances will be reviewed pursuant to Rule 302.1 of the general substantive rules governing oil and gas operations in Utah (or any other rule in effect at the time of such request).

3. The 320 acre units in Section 8, Township 11 South, Range 23 East, S.L.M. shall be lay down (N1/2 and S1/2) and the existing Cracker Federal No. 1 well shall be the current production well for the unit consisting of the N1/2 of Section 8.


4. The orientation of the units in Sections 2, 3, and 5, Township 11 South, Range 23 East, S.L.M. shall be determined by the Division after completion of the first well in each section, pursuant to a proposal submitted at that time by the operator of the well. The orientation scheme for each section

shall become effective upon approval of the proposal by the Division.

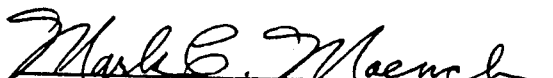
5. The Board retains exclusive and continuing jurisdiction over all matters covered by this Order and over all parties affected thereby and particularly reserves exclusive and continuing jurisdiction to make further orders as appropriate and as authorized by statute and regulation.

DATED this 22nd day of November, 1985.

STATE OF UTAH
BOARD OF OIL, GAS & MINING


Gregory P. Williams, Chairman

Approved as to form:


Mark C. Moench
Assistant Attorney General

UNITED

UTILITIES INCORPORATED

November 4, 1994

Bureau of Land Management
DIVISION OF MINERALS
170 S. 500 E.
Vernal, Utah 84078

RE: Application for Permit to Drill
Lapaglia #1
2009' FSL & 780' FEL
NESE Section 3, T11S, R23E
Uintah County, Utah
Rockhouse Gas Unit
Federal Lease: UTU-66407

Gentlemen:

Enclosed herewith, please find the original and two (2) copies of captioned Application for Permit to Drill. Also, enclosed are the following supporting documents:

1. Surveyor's Location Plat
2. Ten-Point Well Control Plan
3. Surface Use & Operating Plan
4. Accompanying Maps and Diagrams

The Culture Resource Survey has been mailed to you office under separate cover.

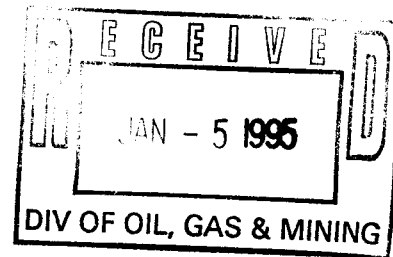
Your efforts in processing this Application as soon as possible will be greatly appreciated.

Should there be any questions, please contact the undersigned.

Sincerely,
UNITED UTILITIES CORPORATION


Wendell J. McClintock
Engineer

Enclosure



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1A. TYPE OF WORK

DRILL ☒

DEEPEN ☐

B. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

United Utilities Corporation

3. ADDRESS AND TELEPHONE NO.

625 North 100 West, Vernal UT 84078

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

612.3

2009' FSL & 780' FEL

At proposed prod. zone

137.7

Same 1054

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

+34.3 miles from Bonanza or +70.3 Miles from Vernal UT

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest dir. unit line, if any)

780'

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

N/A

16. NO. OF ACRES IN LEASE

1738.47

19. PROPOSED DEPTH

+4700

17. NO. OF ACRES ASSIGNED

320

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

Ungraded G.L. 5412'

22. APPROX. DATE WORK WILL START*

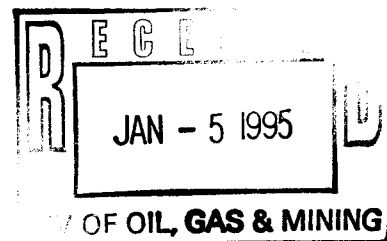
December 10, 1994

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE/END OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	85/8" J 55	24	250'	210ft ³
77/8"	4 1/2" J 55	11.6	4600'	1,000ft ³

Attachments to this APD:

1. Surveyor's location plat
2. Well control Plan
3. Surface use and operating plan
4. Maps & diagrams



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Wendell J. McClinton

TITLE Engineer

DATE November 4, 1994

(This space for Federal or State office use)

PERMIT NO.

43-047-32634

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

TITLE

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE

1/6/95

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States a false statement or to omit any material within its jurisdiction.

WELL SPACING *same 210-3*

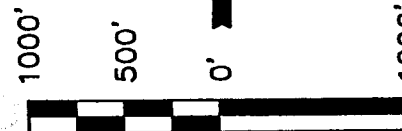
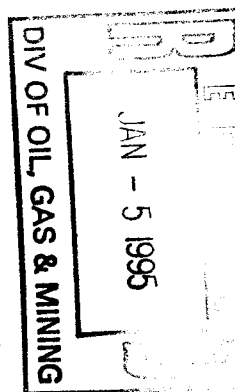
T11S, R23E, S.L.B.&M.

UNITED UTILITIES CORP.

Well Location, LAPAGLIA FEDERAL #1,
located as shown in NE 1/4 SE 1/4 of
Section 3, T11S, R23E, S.L.B.&M. Uintah
County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION IN THE NW 1/4 OF SECTION 27,
T11S, R23E, S.L.B.&M. TAKEN FROM THE ARCHY
BENCH SE QUADRANGLE, UTAH, UINTAH COUNTY,
7.5 MINUTE SERIES (TOPOGRAPHICAL MAP)
PUBLISHED BY THE UNITED STATES DEPARTMENT
OF THE INTERIOR, GEOLOGICAL SURVEY. SAID
ELEVATION IS MARKED AS BEING 6366 FEET.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

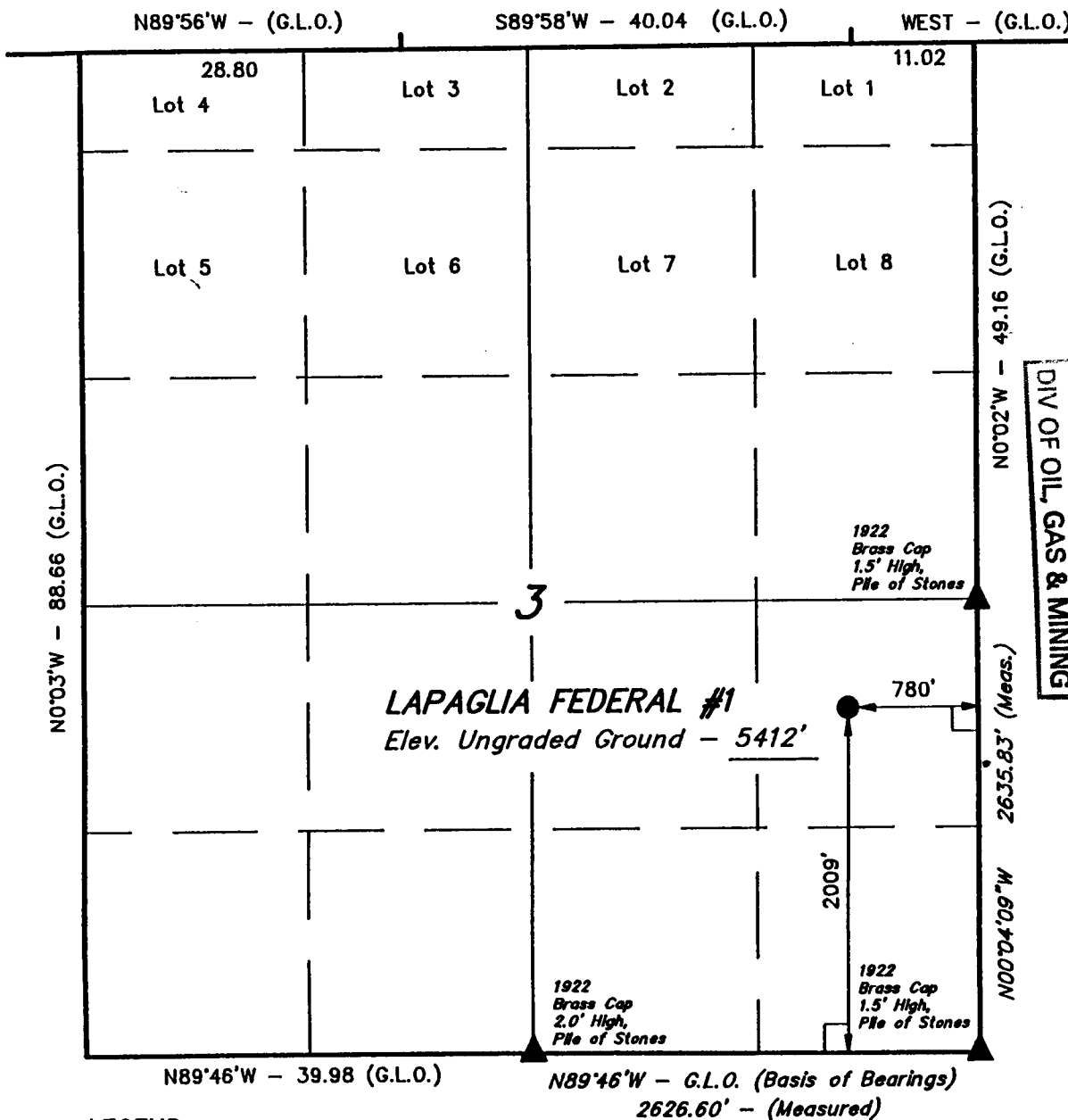
REGISTERED LAND SURVEYOR
REGISTRATION NO. 16131
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(801) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 10-21-94	DATE DRAWN: 10-25-94
PARTY D.K. J.K. D.R.B.	REFERENCES G.L.O. PLAT	
WEATHER SUNNY	FILE UNITED UTILITES CORP.	



LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

WELL CONTROL PLAN AND RELATED INFORMATION

OPERATOR:..... United Utilities, INC.
WELL:..... Lapaglia #1
FEDERAL LEASE: UTU 66407
WELL LOCATION: 2009' FSL & 780' FEL
 NESE Section 3, T11S, R23E
COUNTY, STATE: Uintah County, Utah
UNIT NAME:..... Rockhouse Gas Unit
ONSITE INSPECTION DATE: October 27, 1994
SURFACE OWNERSHIP: Federal on roads and location

NOTIFICATION REQUIREMENTS

NOTIFY, The BLM office in Vernal (801 789-1362):

1. Forty-eight (48) hours prior to construction of access roads or location. When location is completed call BLM or go to # 2.
2. Twenty-four (24) hours before moving in the drilling rig.
3. At least twenty-four (24) hours prior to spudding. And send in a "SUNDRY NOTICE" with-in five (5) working days reporting the spudding.
4. Twenty-four (24) hours prior to running casing and cementing all casing strings.
5. Twenty-four (24) hours prior to initiating pressure tests of BOP stack at any time.
6. Running a DST? Immediately following decision to test call BLM.
7. First Production Notice, with-in five (5) business days and after the well begins or resumes production if the well has been off production for more than 90 days. Notification may be by letter, "SUNDRY NOTICE", or orally. Any oral notification must be followed by letter or "SUNDRY NOTICE" as to the date production commenced.

ALSO: Call BLM (801 789-1362) if there is an:
 accident, fire, spill, blowout & etc.

1. IMPORTANT GEOLOGICAL FORMATION TOPS

Surface Formation...Uinta
Green River.....260'
Bottom Oil Shale....1270'
Lower Black Shale...2705'
Wasatch.....2760'
Mesaverde.....4500'.....and Total Depth.....4700'

2. ESTIMATED DEPTH OF ANTICIPATED MINERALS, WATER, OIL OR GAS:

Water: From surface down.

Oil and Gas: Traces in the Green River

Gas: In Wasatch sands below 2705'

3. PROPOSED CASING PROGRAM:

- a. Set new 8 5/8", 24#, J-55, ST&C at 250'. Cement will be circulated using 100% or more excess volume, cement being Class "G" or "H", 2% Calcium Chloride & 1/2#/sk flakes, 210 ft³ + ±180sks.. If cement does not circulate or falls back, will re-cement from surface.
- b. Set new 4 1/2", 11.6#, J-55, ST&C casing at 4700'. The lead slurry will be a filler cement. The tail-in cement will be Cl. "G" or "H" with selected additives. The cement volume will be hole volume plus 50% excess to 1,500', 1,000 ft³ of slurry.

4. TYPE AND CHARACTERISTICS OF THE PROPOSED DRILLING FLUID:

The drilling fluid will be fresh water or a fresh water base gel & polymer mud as required to control water flows. Adequate stocks of LCM materials, barite and other additives will be on site to handle anticipated down-hole problems, including weight up to 10#.

- a. Surface-1700' Start with fresh water and mud up as required. At mud-up go with a non-dispersed low solids fresh water gel/polymer system.
- b. 1700'to 4700' Drill with LSND mud as above with minimum weight.
- c. Less than 10,000# of any chemical(s) from EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less than threshold planning quantity (TPQ) of any extremely hazardous substances(s), as defined in 40 CFR, would be used, produced, transported, stored, disposed, or associated with the proposed action.

No chromates or other non EPA approved products will be used without BLM's written approval.

5. OPERATOR'S SPECIFICATIONS FOR PRESSURE CONTROL:

Figure No. 1 is a schematic diagram of blowout preventor equipment.

a. BOP Equipment:

Hydraulic operated Double Ram & Bag Preventor, 13 3/8"-3000 psi BOP stack with blind rams and pipe rams.

Kill line with connections below BOP rams.

Choke line to a manifold having one adjustable choke and one positive controlled choke.

The BOP equipment will be nipped up on the surface casing prior to drilling out and checked as follows:

- Pipe and Blind Rams tested to 3,000 Psi.

- All casing strings will be tested to 1,000 psi or 0.22 psi/ft of depth, whichever is the greater, but not more than 70% of the minimum yield.

- Bag Preventor will be closed on drill pipe and tested to 1,500 Psi.

Operational checks while drilling:

- Pipe rams will be closed and opened during each 24 hour period.

- Blind rams will be closed and opened each time the drill string is pulled from the well-bore.

b. BOP Equipment For Completion Work:

- A double ram-type hydraulic operated BOP stack.

c. Auxiliary Well Control and Monitoring Equipment:

- A kelly cock will be utilized.

- A full-opening drill pipe stabbing valve, with proper drill pipe connections, for utilization when the kelly is not on the string.

6. TESTING, LOGGING, CORING, and COMPLETION:

a. Testing: Possible DST in the Wasatch formation.

b. Logging: Schlumberger, Atlas or Halliburton Logging.

@ TOTAL DEPTH: Dual Induction-SP
Density - Neutron
Gamma Ray to surface.

NOTE: One (1) copy of the above data along with all geologic reports, mud logs and sample descriptions go to BLM in Vernal.

c. Completion: The primary zone(s) of interest are the Wasatch sands. Following evaluation of the drilling data and logs the selected sands will be perfed 4 SPF. If deemed advisable each zone will get an initial breakdown using

± 500 gal KCL water or 7.5% HCL acid with or without frac balls.

The zones will then be fraced down the 4 1/2" csg using fresh water as carrying agent containing: crosslinker, gelling agents, clay inhibitor, bactericide & gel breaker to put away the 20/40 mesh sand (estimated rate 5 to 6# per gal water) as an option may tail in with resin coated sand.

NOTE: The well completion report "Form 3160-4" is to be filed within 30 days of well completion along with a site security diagram.

7. ANTICIPATED ABNORMAL PRESSURES OF TEMPERATURE:

No abnormal high pressures or temperatures have been noticed or reported in wells drilled in this area.

Estimated Bottom Hole Temperature: ...± 135 degrees F

Estimated Bottom Hole Pressure:± 2000 Psi.

8. ANTICIPATED STARTING DATE:

The starting date for construction of well site and roadway is expected to be in December, 1994.

It is estimated that drilling operations will be completed within 10 days from spud.

9. RELATED INFORMATION:

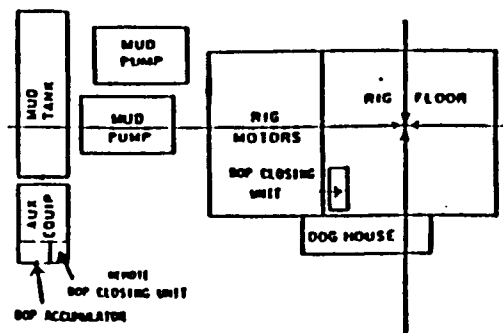
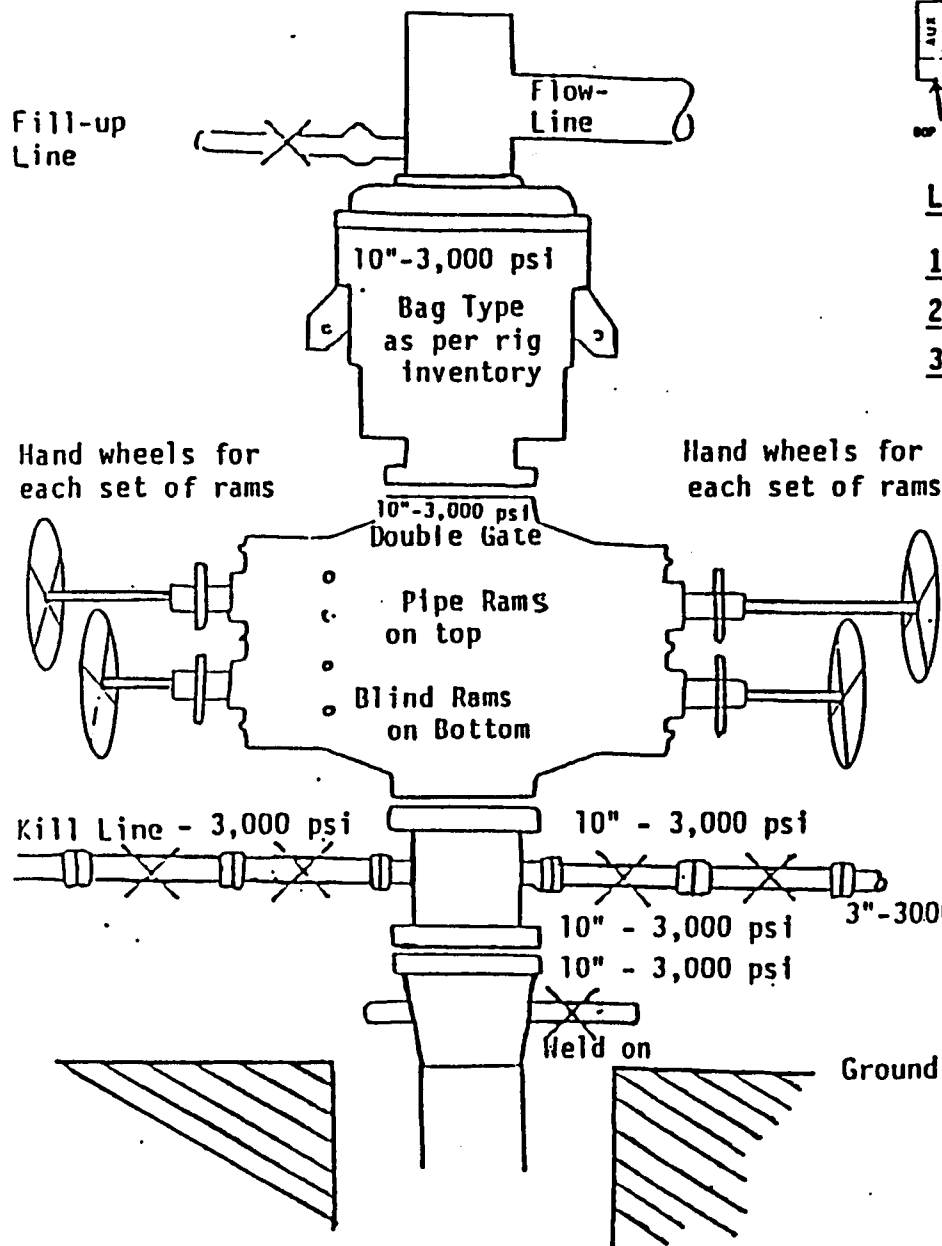
NOTE: ALL future correspondences (about this well) with BLM shall use the API Number to identify this well.

There will be no change in this drilling plan without BLM's prior written approval.

Gas shall not be flared or vented after 30 days or a cumulative of 50 MMCF without prior written approval from the Authorized officer.

FROM well spud to well abandonment a monthly report on "Form 3160" shall be submitted to the BLM.

A:\UNITED



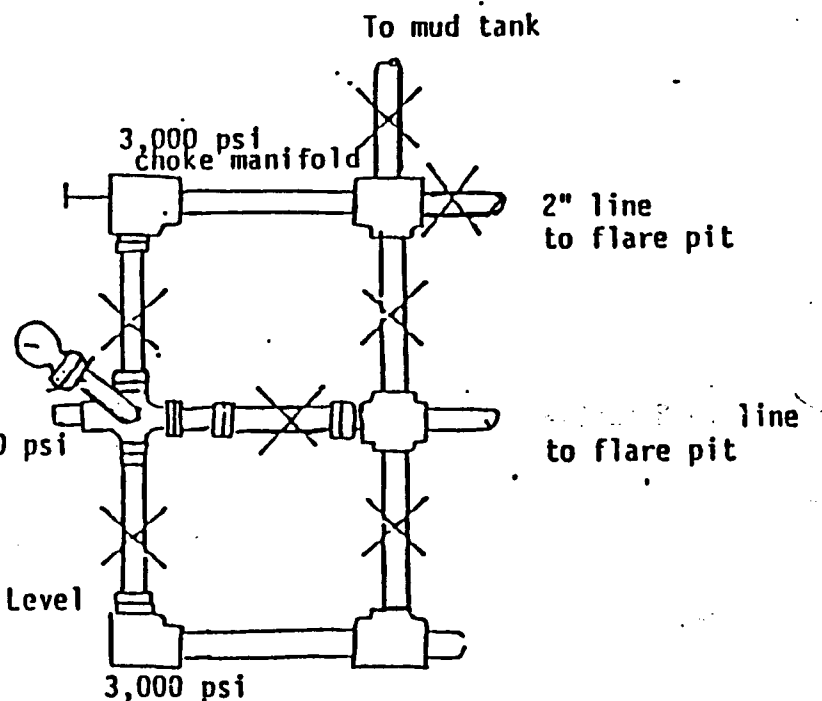
LOCATION OF:

1. BOP controls on rig floor.
2. BOP remote controls.
3. BOP accumulator.

FIGURE No. 1
3000 psi

DOUBLE GATE BAG TYPE BOP STACK
W/HYDRAULIC CONTROLS AND CHOKE
MANIFOLD FOR:

Lapaglia #1



**SURFACE USE AND OPERATING PLAN
BUREAU OF LAND MANAGEMENT**

OPERATOR:.....United Utilities, INC.
WELL:.....Lapaglia #1
WELL LOCATION:...2009' FSL & 780' FEL
 NESE Section 3, T11S, R23E
COUNTY, STATE:...Uintah County, Utah
UNIT NAME:.....Rockhouse Gas Unit
FEDERAL LEASE:...UTU 66407
ONSITE INSPECTION DATE: October 27, 1994
SURFACE OWNERSHIP: Federal on all roads and location

1. EXISTING ROADS:

- a. Map A is an area map showing the proposed location of the well in relation to the roads of the surrounding area from Bonanza, Utah, 34.3 miles to the well site.
- b. Map B shows the proposed location and access road from midpoint of Section 22, T11S, R23E north to location.
- c. To visit the proposed well site from Bonanza, Utah:

Using the Seep Ridge Topo: 1:100,000 metric scale

Continue south on HWY 45 to MILE marker "0". Turn left (Baxter Pass & other signs) onto the secondary road. Continue on the main road past the corrals at Hell's Canyon "Y" and turn right. Stay on the main road through Watson taking the left hand turn at Asphalt Wash and the right fork at the "Y" to Rainbow. Continue on the main road by Kings well and then the corral on the right hand side to a "Y". Continue on the right hand fork for ± 0.3 mi. Take the left hand turn and after ± 2.0 mi. the road turns north. Staying to the right continue northward on the main road. After ± 6.5 mi. take the left fork and travel ± 0.8 mi. to the well site.

- D. Occasional maintenance blading and storm repairs will keep the roads in good condition.

There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay in the roadway.

2. PROPOSED ACCESS ROAD:

The proposed access road will require approximately 250 feet of new construction and 0.8 miles of road upgrading, see Map B. The road will be constructed to the standards as agreed to at the onsite.

Access road specifications on Federal Land:

- a. Width: Right-of-way 30 feet and no travel permitted outside of this right-of-way.
- b. Maximum Grade: $\pm 2\%$.
- c. Low water crossing: use them as they exist.
- d. Drainage: As agreed to during onsite meeting.
- e. Culverts: None.
- f. Surface Material: None required.
- g. Cattle Guards: None.
- h. Turn-outs: None.
- i. Fences: None.
- j. Surface Ownership: Federal

Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, (1989).

The road shall be constructed/upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Construction/upgrading shall include ditching, draining, graveling, crowning, and capping the roadbed as necessary to provide a well constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainage be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.

3. LOCATION OF EXISTING WELLS:

All known wells within the one-mile radius are shown on Map B.

- a. Water Wells: None.
- b. Abandoned Wells: NWSW Section 2, T11S, R23E.
- c. Temporarily Abandoned Wells: None.
- d. Disposal Wells: None.

- e. Drilling Wells: None.
- f. Producing Wells: None.
- g. Shut-in Wells: None.
- h. Injection Wells: None.
- i. Monitoring or Observation Wells: None.

4. LOCATION OF EXISTING AND/OR PROPOSED PRODUCTION FACILITIES

- a. Operator has no production facilities on this lease.
- b. If production is established in this well the production equipment be located on the well-site as shown in Figure # 2 and painted a Desert Brown (10YR 6/3) within six (6) months.

The storage tank, in-line heater/seperator, de-hydrater an other equipment will be sized following production tests. Water disposal and well site storage will be determined during production testing.
- c. The area of the well pad used for production equipment will be built up using grader, bulldozer, backhoe with front loader and roustabouts as needed. Earthen materials from the well pad is planned for sub-bases and etc. Any gravel needed will come from private sources. The dike around the storage tanks will be of native material and of capacity to hold 110% of the largest storage tank.
- d. The pipeline for Lapaglia #1 will be laid along side the access roadway to the nearest pipeline, which presently, is in Section 10, T11S, R23E, near the Rockhouse Unit well #1.
- e. Pipeline right-of-ways should have a 50 foot wide construction easement. At the road crossings the pipeline will be wrapped and buried with three (3) foot of coverage.
- f. Pipeline warning signs shall be installed within 90 days after construction is completed.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water to be used for drilling this well will be hauled by truck over roads marked in Red on Map A & B.

- a. The primary water source will be:

From four (4) area wells: Rainbow Unit #1
NESW, S 8, T11S, R24E

Rainbow Unit #2-A
NESW, S 18, T11S, R24E

Rainbow Unit #5
S/2, S 6, T11S, R24E

Rockhouse Unit #5-A.
SWSE, S 13, T11S, R23E

- b. The secondary water source will be:

Purchased from Vernal City water system and hauled to well site on the roads shown on Map A & B from Bonanza, Utah.

6. SOURCE OF CONSTRUCTION MATERIAL:

- a. No additional materials are needed for construction of roads or location. Materials for construction will come from accumulated material during the building of the road and location.
- b. Any gravel or other materials needed for production equipment installation and operations will come from private sources and hauled on roads, from Bonanza, Utah, as shown on Maps A & B.

7. METHODS FOR DISPOSING OF WASTE MATERIALS:

- a. Drill cuttings will be buried in the reserve pit.
- b. Drilling fluids will be handled in the steel pits or reserve pit. Drilling mud and reserve pit water will be disposed of by evaporation or used in 1995 to drill or deepen wells in the Rockhouse Gas Unit. If a disposal pit is needed to meet the 120 day pit closure, it will be with Ace Disposal and/or Murray Disposal Services.
- c. Unavoidable spills will be cleaned up and properly disposed of.
- d. Any fluids produced by Drill Stem Tests or during production testing will be collected in a test tank. Depending on water quality it may be used as make up water for the drilling fluid.
- e. Sewage facilities will be installed and serviced by a local commercial sanitary service. Then transported by truck and disposed of under Permit # 91-0120 from Uintah District Health Department. See Maps A & B for roads to Vernal.
- f. Wastes including non-flammable materials, salts and other chemicals produced or used during drilling and testing will be contained in the reserve pit and covered.
- g. Trash and garbage will be contained in trash baskets and hauled to the Uintah County land fill.

On BLM administered lands:

The reserve pit shall be constructed so as not to leak, break, or allow discharge.

This reserve pit will be lined for water conservation.

"If a plastic nylon reinforced liner is used, it will be a minimum of 10 mil thickness with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O."

After first production, produced waste water will be confined to a lined pit or storage tank for a period not to exceed ninety (90) days. During the 90 day period, in accordance with Onshore Order No. 7 application for approval of a permanent disposal method and location, along with required water analysis, shall be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.

8. ANCILLARY FACILITIES:

None.

9. WELL SITE LAYOUT:

- a. The cross-section schematic is a display of the proposed drill pad showing cuts and fills.
- b. The well site schematic shows a drilling rig layout. The layout shows the rig equipment in relative position to each other: mud tanks, pipe racks, flare pit, reserve pit, living quarters and etc. along with the pit dirt stockpile.

The rig faces in a southern direction with the reserve pit on the east side of it & to the northeast corner.

The flare pit is located east and south of the well bore, 100 feet away, and 30 foot or more from the reserve pit fence.

The top soil (first six inches) will be in wind-rows on the south end of the location, rounding from the east side across the south side and the southwest corner.

The access road enters the well pad from the west.

The diversion ditch & berm shall be constructed on the location's east side above the cut slope, draining to the north.

The reserve pit and location will be constructed on a

North/South axis.

Fencing Requirements:

All pits will be fenced according to the following standards:

- a. 39-inch net wire shall be used with at least one strand of barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
- The bottom of the net wire shall be no more than 2" above the ground.*
b. The ~~net~~¹²³⁴ wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
- c. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- d. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
- e. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until clean-up.

Each existing fence to be crossed by the access road shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be closed temporarily as necessary during construction to prevent the escape of livestock, and upon completion of construction the fence shall be repaired to BLM or SMA specifications. A cattle guard with an adjacent 16 foot gate shall be installed in any fence where a road is to be regularly travelled. If the well is a producer, the cattle guard (shall/shall not) be permanently mounted on concrete bases. Prior to a new road, crossing any fence located on federal land, or any between federal land and private land, the operator will contact the BLM, who will in turn contact the grazing permittee or owner of said fence and offer him/her the opportunity to be present when the fence is cut in order to satisfy himself/herself that the fence is adequately braced and tied off. This paragraph does not apply to the Lapaglia #1.

10. PLANS FOR RESTORATION of Surface:

a. Producing Location:

Immediately upon well completion the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.

Immediately upon well completion, any hydrocarbons on the ~~net~~ pit shall be removed in accordance with 43 CFR 3162.7-1.

If a plastic nylon reinforced liner is used, it shall be torn and perforated before back filling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours, The reserve pit will be reclaimed within see 7. c. from the date of well completion. Before any dirt work takes place, the reserve pit must be completely dry and all cans, barrels, pipe, etc., will be removed.

Contact appropriate surface management agency for required seed mixture.

b. Dry Hole/Abandoned Location:

At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BLM will attach the appropriate surface rehabilitation conditions of approval.

11. Surface Ownership:

Access Road: Federal
Location: Federal

"If the access road and/or location involves private or state agency owned surface, a copy of the surface owners agreement is required prior to approval of the APD."

12. Other Additional Information

- a. Topography: Rolling hills and shallow valleys.
- b. Soil characteristics: Rocky and sandy shale.
- c. Flora: \pm 30% coverage of land with sage brush, bunch grass, prickly pear cactus and etc.
- d. Fauna: Domestic-sheep. Mule deer, elk, rabbits, coyotes and rodents.
- e. Surface use: Wildlife management and livestock grazing.
- f. Surface ownership: Location and roads Federal
- g. Occupied Dwellings: None.
- h. Archeological sites are not in or near the work areas.
- i. Historical Sites are not in or near the work areas.

12. OPERATOR'S REPRESENTATIVES:

John Lapaglia, President.....(801) 789-2772

625 North 100 West
Vernal, Utah 84078

W. J. McClintock, Engineer.....(801) 789-2772
625 North 100 West
Vernal, Utah 84078

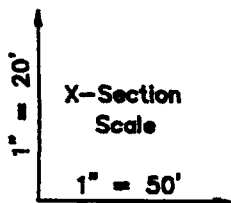
13. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are true and correct to the best of my knowledge; and that the work associated with operations proposed here will be performed by United Utilities INC and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

November 7 1994
DATE

Wendell J. McClintock
Wendell J. McClintock

A:\Rhouse



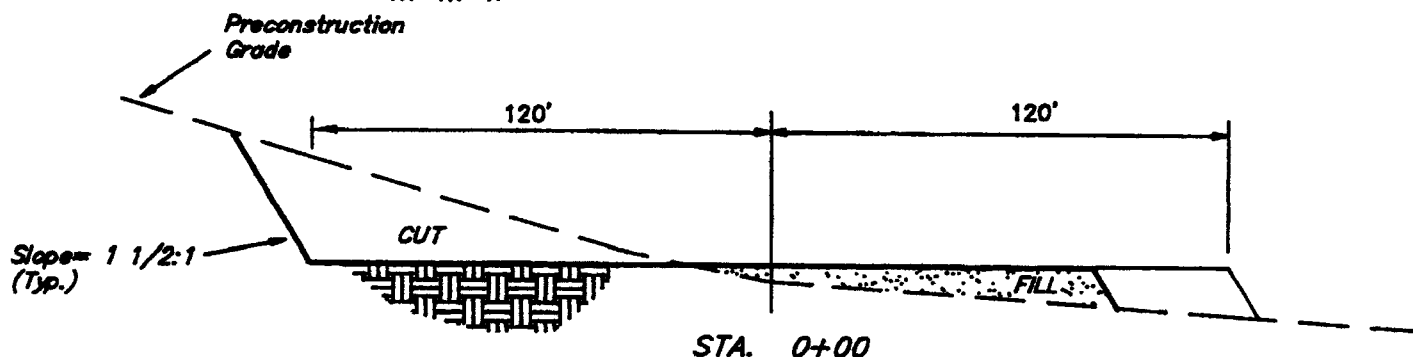
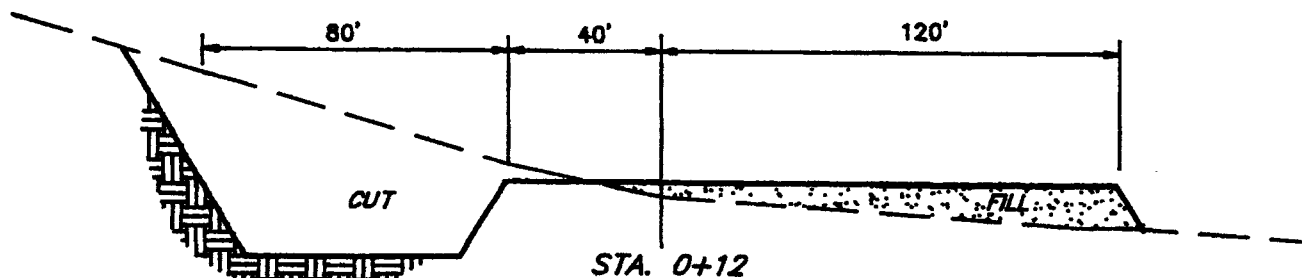
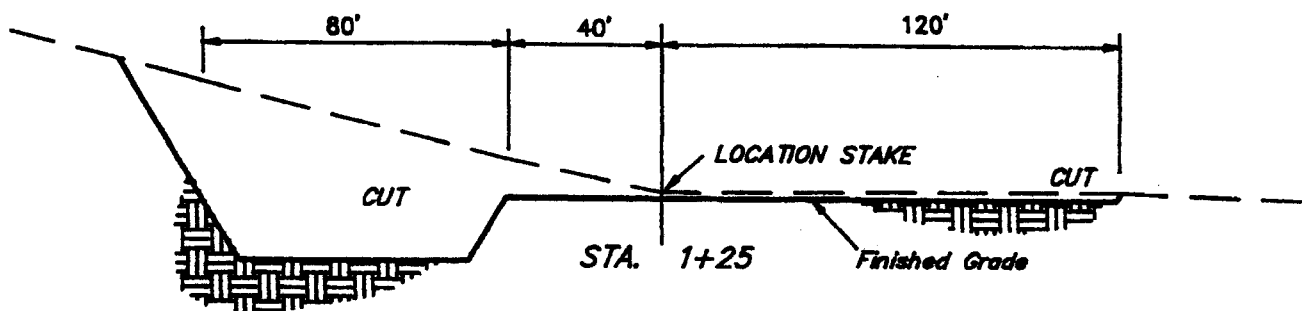
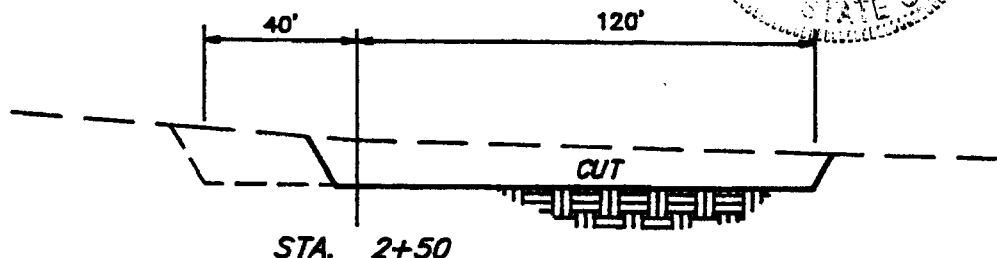
DATE: 10-25-94
Drawn By: D.R.B.

UNITED UTILITIES CORP.
TYPICAL CROSS SECTIONS FOR
LAPAGLIA FEDERAL #1
SECTION 3, T11S, R23E, S.L.B.&M.
2009' FSL 780' FEL



NOTE:

Topsoli should not be Stripped Below Finished Grade on Substructure Area.



APPROXIMATE YARDAGES

CUT

(6") Topsoli Stripping = 940 Cu. Yds.

Remaining Location = 7,810 Cu. Yds.

TOTAL CUT = 8,750 CU.YDS.

FILL = 1,370 CU.YDS.

EXCESS MATERIAL AFTER 5% COMPACTION

= 7,310 Cu. Yds.

Topsoli & Pit Backfill (1/2 Pit Vol.)

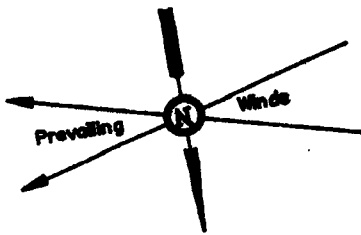
= 2,190 Cu. Yds.

EXCESS UNBALANCE (After Rehabilitation)

= 5,120 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 788-1877

LOCATION LAYOUT FOR



C-5.8'
El. 417.8'

C-4.6'
El. 416.6'

C-3.5'
El. 415.5'

C-3.6'
El. 415.6'

C-0.5'
El. 412.5'

C-0.7'
El. 412.7'

F-1.9'
El. 410.1'

F-5.2'
El. 406.8'

C-1.4'
El. 413.4'

Approx. Top of Cut Slope

FLARE PIT

DATA

CATWALK

PIPE RACKS

DOG HOUSE

WATER

PUMP

MUD SHED

HOPPER

POWER

TOOLS

FUEL

TRASH

TRAILER

TOILET

STORAGE TANK

MUD TANKS

Proposed Access Road

Approx. Toe of Fill Slope

Sta. 1+50

Sta. 1+25

Sta. 0+00

Sta. 0+12

NOTE: Pit Capacity W/2' of Freeboard is ±8,380 Bbls.

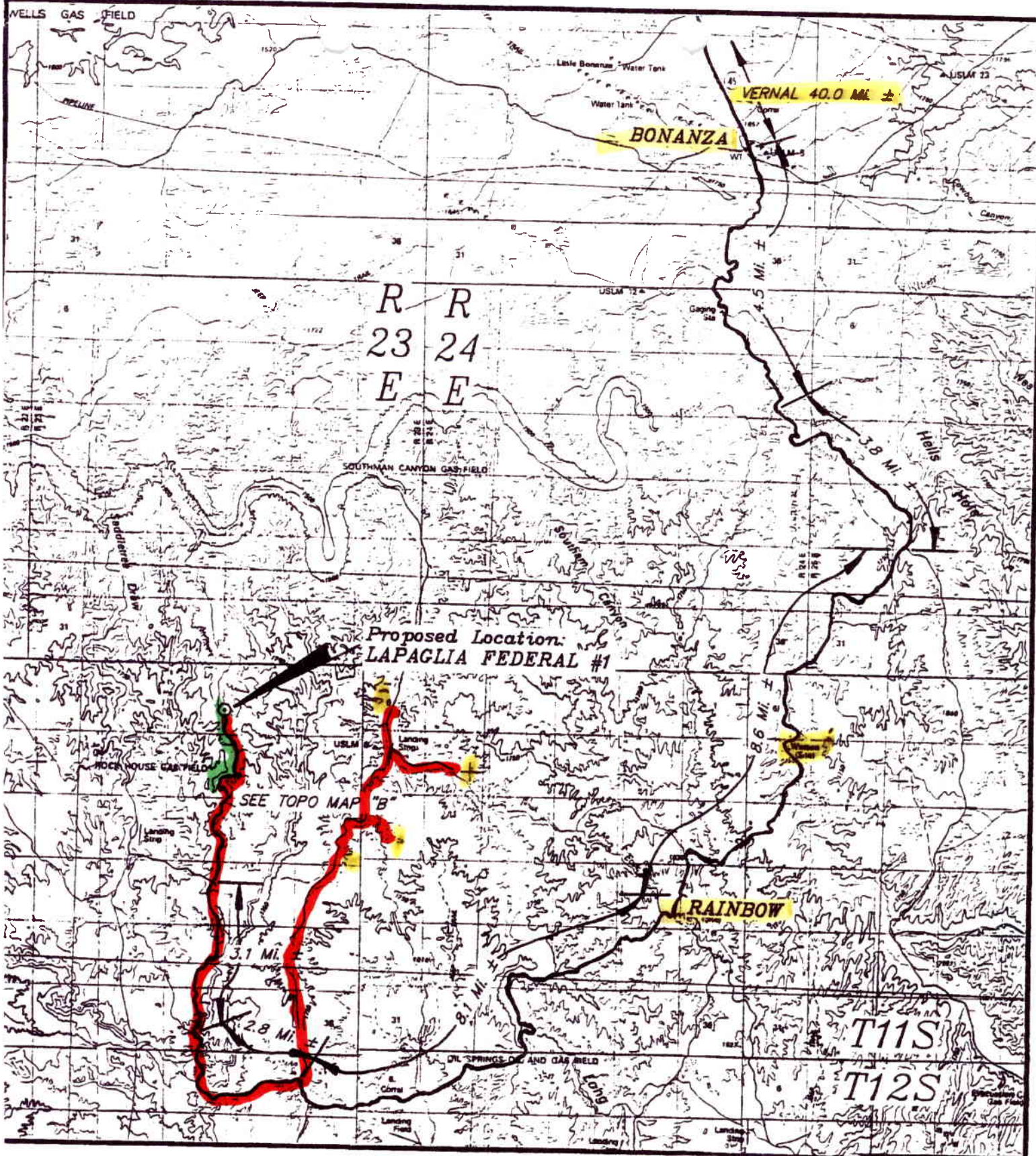
1.1/2:1 Slope

Reserve Pits (8' Deep)

Reserve Pit Backfill & Spoils Stockpile

Topsail Stockpile

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 788-1977



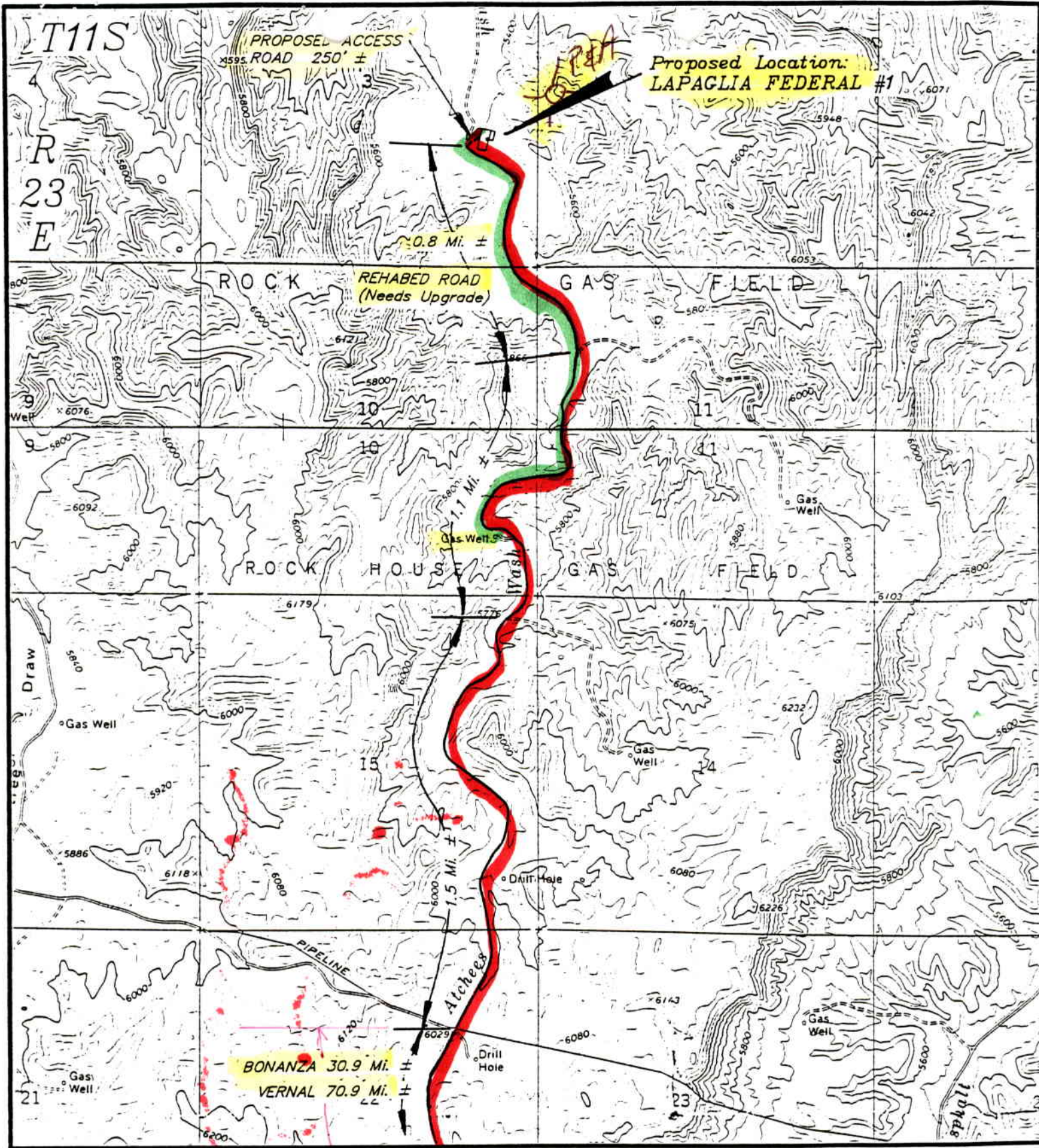
TOPOGRAPHIC
MAP "A"

DATE: 10-26-94 J.D.S.



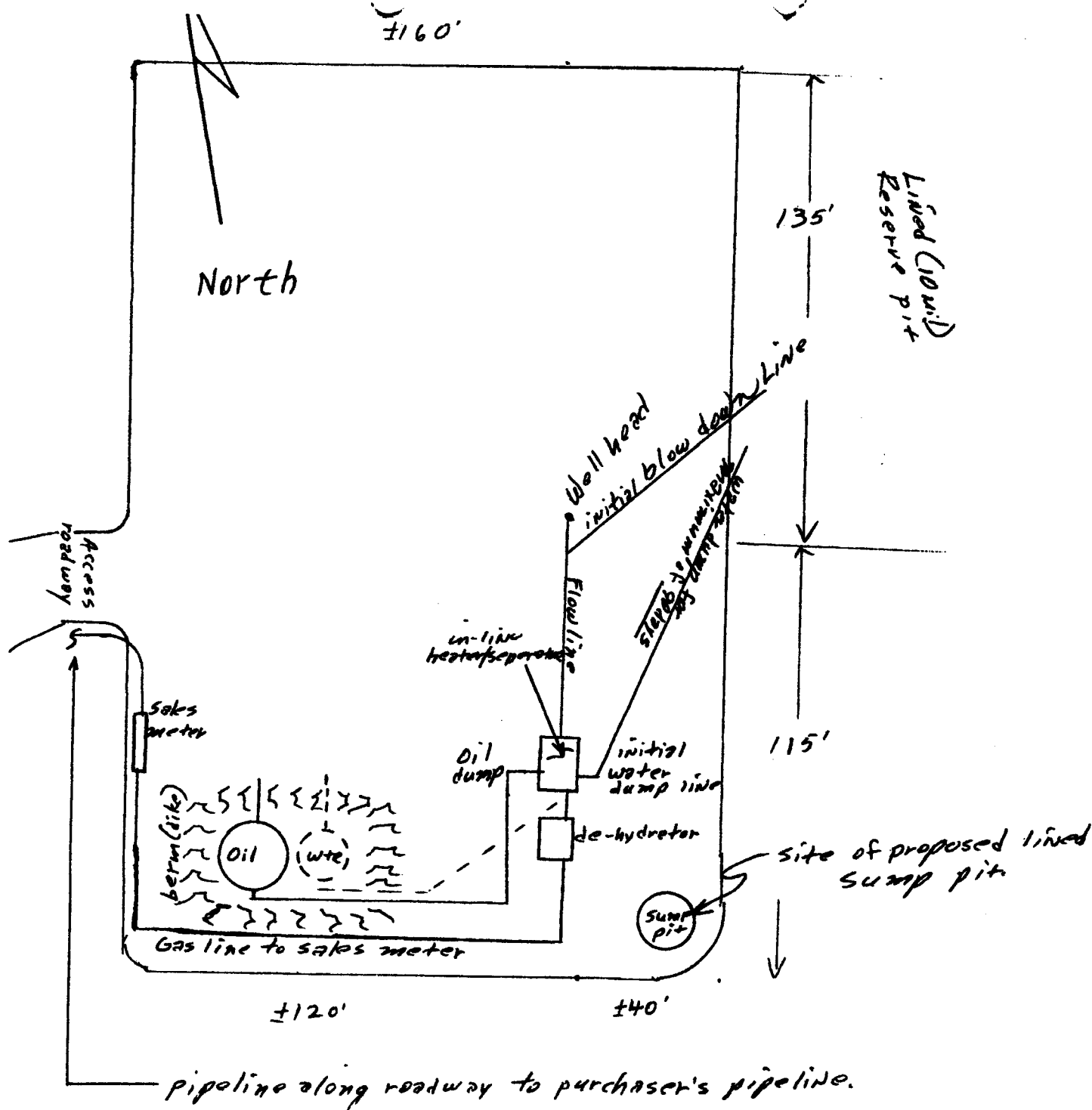
UNITED UTILITIES CORP.

LAPAGLIA FEDERAL #1
SECTION 3, T11S, R23E, S.L.B.&M.
2009' FSL 780' FEL



TOPOGRAPHIC
MAP "B"

SCALE: 1" = 2000'
DATE: 10-26-94 J.D.S.



During Production Testing:

1. Volume of oil storage will be determined. And the dike around storage tank(s) will be large enough to contain 110% of the largest tank volume.
2. It need be the volume of a water tank will be determined and installed next to the oil tank.

Figure #2: Production Equipment Layout.
Lapaglia #1

United Utilities Inc.
Federal Lease: UUTU 66407



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

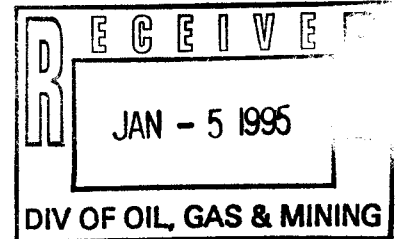
Vernal District Office
170 South 500 East
Vernal, Utah 84078-2799

IN REPLY REFER TO:

3160
(UT08438)

November 18, 1994

United Utilities Corp.
625 North 100 West
Vernal, UT 84078



Re: Application for Permit to Drill
Well No. Lapaglia 1
NESE, Sec 3, T11S, R23E
Lease No. U-66407

Gentlemen:

The referenced application was received on November 7 1994.

The administrative aspects of your application will be complete for processing upon receipt of the following:

1. Self-certification Statement (see enclosed example).
2. Type of mud monitoring (visual, mud logger, etc.).

If the missing items are not received within 45 days of the date of this letter, your application will be returned to you.

As part of the approval process, your application will be reviewed for technical adequacy and proposed surface mitigation. During this portion of the approval process, you may be required to furnish additional information.

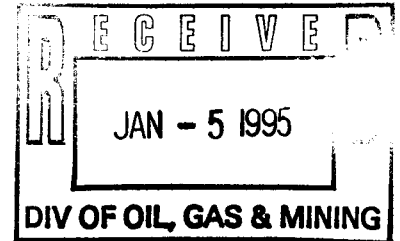
Due to workload in the Book Cliff Resource Area, NEPA review may not be completed within the recommended timeframe. Lease U-66407 will expire at midnight December 31, 1994. Therefore in accordance with 43 CFR 3103.4-2, United Utilities Corporation may request a suspension of all operations and production on this lease.

UNITED

UTILITIES INCORPORATED

November 21, 1994

Ms. Margie Herrmann
Legal Instruments Examiner
UNITED STATES DEPT. OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
170 South 500 West
Vernal Utah 84078



RE: APPLICATION FOR PERMIT TO DRILL WELL NUMBER LAPAGLIA #1
NESE, SEC 3, T11S, R23E
LEASE #U-66407

Dear Ms. Herrmann,

In compliance with your letter dated November 18, 1994, please see attached Self-Certification Statement as requested.

The type of mud monitoring to be utilized on the Lapaglia Federal #1 is with a mud logger.

Realizing that our request for a Drilling Permit on the Lapaglia Federal #1 may not be processed prior to December 31, 1994 on Lease #U-66407, which will expire at midnight on December 31, 1994, please be advised that under 43 CFR 3103.4-2, United may request a suspension of all operations and production on this lease until the drilling permit is issued. Accordingly, United does hereby request the suspension of all operations and production on Lease U-066407 at this time.

Sincerely,
UNITED UTILITIES CORPORATION



John Lapaglia
President

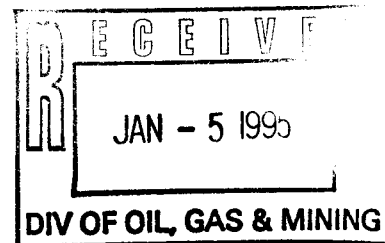
jl/mer

UNITED

UTILITIES INCORPORATED

November 21, 1994

Ms. Margie Herrmann
Legal Instruments Examiner
UNITED STATES DEPT. OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
170 South 500 West
Vernal Utah 84078



RE: SELF-CERTIFICATION STATEMENT

Dear Ms. Herrmann,

Please be advised that United Utilities Corporation is considered to be the Operator of Well Lapaglia Federal #1, NESE Section 3, T11S, R23E, Lease Number U-66407, Uintah County, Utah and is responsible, under the terms and conditions of the lease, for the operations conducted upon the leased lands. Bond coverage is provided by Irrevocable Letter of Credit, Sterling Bank, Houston Texas.

Sincerely,
UNITED UTILITIES CORPORATION



John Lapaglia

jl/mer



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal District Office
170 South 500 East
Vernal, Utah 84078-2799

IN REPLY REFER TO:

3103.42
UT08438

United Utilities Corp.
7670 Woodway, Suite 340
Houston, TX 77063

NOV 23 1994

Attn: Mr. John Lapaglia

Re: Suspension of Production and
Operations
Lease: UTU-66407
Uintah County, Utah

Dear Mr. Lapaglia:

Your request for suspension of operations and production due to the BLM's inability to process United Utilities Application for Permit to Drill (APD) for the Lapaglia No. 1 well on lease UTU-66407 in the time frames established by Onshore Oil and Gas Order No. 1 is granted.

A review of our records show that lease UTU-66407 was issued effective January 1, 1990, for a period of 5 years. Therefore, the referenced lease has an expiration date of December 31, 1994. Pursuant to the provisions of 43 CFR 3103.4-2, suspension of operations and production for lease UTU-66407, effective December 1, 1994, is directed because this office believes had the APD not been delayed, drilling across the expiration date of lease UTU-66407 could have occurred.

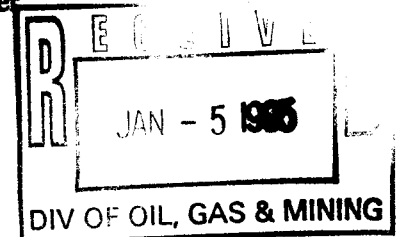
The suspension will terminate; (1) automatically ninety (90) days after the first of the month in which United Utilities is notified of a decision not to approve the APD, as submitted, or, (2) the first day of the month in which actual drilling operations are commenced should it be decided to permit the drilling of the well.

The suspension is effective with the further understanding that should drilling be permitted and the operator fails to commence actual drilling operations within ninety (90) days following the receipt of an approved APD, the suspension of operations and production will terminate on the first of the month in which said ninety (90) days period expires. Rental payments required by the referenced leases will be waived for each full month during which all operations and production are pursuant to this matter.

If you have any questions concerning this matter, please contact Ed Forsman or Wayne Bankert of this office at (801) 789-1362.

Sincerely,

for Howard B. Cleavinger II
Assistant District Manager
for Minerals



UNITED

UTILITIES INCORPORATED

January 3, 1995

Mr. Mike Hebertson
STATE OF UTAH
DIV. OF OIL, GAS & MINING
Three Triad Center, Ste #350
Salt Lake City, UT 84180-1203

RE: Lapaglia Federal #1 Application for Permit to Drill
Township 11 South, Range 23 East
Section 3, 2009' FSL & 780' FEL
Uintah Co., Utah
Federal Lease: UTU-66407

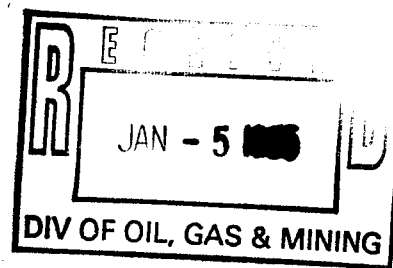
Dear Mr. Hebertson,

We at United apologize for our oversight in submitting the above referenced APD to your office. Enclosed is the APD and correspondence from Ms. Margie Hermann of the Vernal BLM office regarding this well. If you have any questions, please call.

Sincerely,
UNITED UTILITIES CORPORATION

Monica Ryden

Monica E. Ryden
Geologist



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 01/05/95

API NO. ASSIGNED: 43-047-32634

WELL NAME: LAPAGLIA #1
OPERATOR: UNITED UTILITIES CORP (N6360)

PROPOSED LOCATION:

NESE 03 - T11S - R23E
SURFACE: 2009-FSL-0780-FEL
BOTTOM: 2009-FSL-0780-FEL
UINTAH COUNTY
ROCK HOUSE FIELD (670)

LEASE TYPE: FED
LEASE NUMBER: UTU-66407

PROPOSED PRODUCING FORMATION: MVRD

INSPECT LOCATION BY: / /

TECH REVIEW	Initials	Date
Engineering		
Geology		
Surface		

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Federal[☒ State[] Fee[]
(Number LETTER OF CREDIT)
☒ Potash (Y/N)
☒ Oil shale (Y/N)
☒ Water permit
(Number WELLS IN RAINBOW UNIT)
☒ RDCC Review (Y/N)
(Date: _____)

LOCATION AND SITING:

____ R649-2-3. Unit: _____
____ R649-3-2. General.
____ R649-3-3. Exception.
☒ Drilling Unit.
Board Cause no: 210-3
Date: 11-22-85

COMMENTS: _____

STIPULATIONS: _____

STATE OF UTAH

Operator: UNITED UTILITIES CORP. Well Name: LAPAGLIA #1	
Project ID: 43-047-32634	Location: SEC. 03 - T11S - R23E

Design Parameters:

Mud weight (10.00 ppg) : 0.519 psi/ft
 Shut in surface pressure : 2189 psi
 Internal gradient (burst) : 0.054 psi/ft
 Annular gradient (burst) : 0.000 psi/ft
 Tensile load is determined using buoyed weight
 Service rating is "Sweet"

Design Factors:

Collapse : 1.125
 Burst : 1.00
 8 Round : 1.80 (J)
 Buttress : 1.60 (J)
 Other : 1.50 (J)
 Body Yield : 1.50 (B)

Length (feet)		Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost	
1	4,700	4.500	11.60	J-55	ST&C	4,700	3.875		
	Load (psi)	Collapse Strgth (psi)	S.F.	Burst Load (psi)	Min Int Strgth (psi)	Yield S.F.	Tension Load (kips)	Strgth (kips)	S.F.
1	2442	4960	2.031	2442	5350	2.19	46.18	154	3.33 J

Prepared by : FRM, Salt Lake City, UT
 Date : 01-06-1995
 Remarks :

Minimum segment length for the 4,700 foot well is 1,000 feet.
 SICP is based on the ideal gas law, a gas gravity of 0.69, and a mean gas temperature of 98°F (Surface 74°F, BHT 121°F & temp. gradient 1.000°/100 ft.)
 The mud gradient and bottom hole pressures (for burst) are 0.519 psi/ft and 2,442 psi, respectively.

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - Collapse (with evacuated casing), 1.0 - Burst, 1.8 - 8 Round Tension, 1.6 - Buttress Tension, and 1.5 - Body Yield. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser. Costs for this design are based on a 1987 pricing model. (Version 1.06)

T 10 S

T 11 S

43-047-20612
• LAPAGLIA #1

R 22 E

R 23 E

ROCK HOUSE FIELD
UNITED UTILITIES CORP.
LOCATED IN SPACING ORDER 210-3
1000' FROM UNIT BOUNDARY
2500 FEET FROM OTHER PRODUCING
WELLS WASATCH AND MESA VERDE
FORMATIONS UTAH COUNTY



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 6, 1995

United Utilities Corporation
625 North 100 West
Vernal, Utah 84078

Re: Lapaglia #1 Well, 2009' FSL, 780' FEL, NE SE, Sec. 3, T. 11 S., R. 23 E., Uintah County, Utah

Gentlemen:

Pursuant to the order issued by the Board of Oil, Gas and Mining in Cause No. 210-3 dated November 22, 1985, and Utah Admin. R.649-3-4, Permitting of Wells to be Drilled, Deepened or Plugged-Back, approval to drill the referenced well is hereby granted.

In addition, the following specific actions are necessary to fully comply with this approval:

1. Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules.
2. Notification to the Division within 24 hours after drilling operations commence.
3. Submittal of Entity Action Form, Form 6, within five working days following commencement of drilling operations and whenever a change in operations or interests necessitates an entity status change.
4. Submittal of the Report of Water Encountered During Drilling, Form 7.
5. Prompt notification prior to commencing operations, if necessary, to plug and abandon the well. Notify Frank R. Matthews, Petroleum Engineer, (Office) (801)538-5340, (Home) (801)476-8613, or K. Michael Hebertson, Reclamation Specialist, (Home) (801)269-9212.

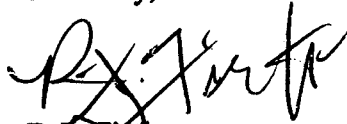


Page 2
United Utilities Corporation
Lapaglia #1 Well
January 6, 1995

6. Compliance with the requirements of Utah Admin. R. 649-3-20, Gas Flaring or Venting, if the well is completed for production.

This approval shall expire one year after date of issuance unless substantial and continuous operation is underway or a request for an extension is made prior to the approval expiration date. The API number assigned to this well is 43-047-32634.

Sincerely,

A handwritten signature in black ink, appearing to read "R.J. Firth", written in a cursive style.

R.J. Firth
Associate Director

ldc
Enclosures
cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office
WOI1

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIP
(Other instructions on
reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires: December 31, 1991

JAN 12 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. UTU-66407	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
2. NAME OF OPERATOR United Utilities Corporation		7. UNIT AGREEMENT NAME N/A	
3. ADDRESS AND TELEPHONE NO. 625 North 100 West, Vernal UT 84078		8. FARM OR LEASE NAME, WELL NO. Lapaglia #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2009' FSL & 780' FEL At proposed prod. zone Same		9. API WELL NO.	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* +34.3 miles from Bonanza or +70.3 Miles from Vernal UT		10. FIELD AND POOL, OR WILDCAT Rockhouse Gas Field	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 780'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA NE SE Sec. 3, T11S, R23E, SLB&M	
16. NO. OF ACRES IN LEASE 1738.47		12. COUNTY OR PARISH Uintah	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320		13. STATE Utah	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. N/A		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) Ungraded G.L. 5412'		22. APPROX. DATE WORK WILL START* December 10, 1994	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	85/8" J 55	24	250'	210ft ³
77/8"	4 1/2" J 55	11.6	4600'	1,000ft ³

Attachments to this APD:

1. Surveyor's location plat
2. Well control Plan
3. Surface use and operating plan
4. Maps & diagrams

NOV 07 1994

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

34. SIGNED Wendell J. McClintock TITLE Engineer DATE November 4, 1994
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Wendell J. McClintock TITLE ASSISTANT DISTRICT MANAGER MINERALS DATE JAN 6 1995

NOTICE OF APPROVAL

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: United Utilities Corporation

Well Name & Number: Lapaglia No. 1

API Number: 43-047-32634

Lease Number: UTU-66407

Location: NESE Sec. 03 T. 11S R. 23E

NOTIFICATION REQUIREMENTS

- | | | |
|---------------------------------|---|---|
| Location Construction | - | at least forty-eight (48) hours prior to construction of location and access roads. |
| Location Completion | - | prior to moving on the drilling rig. |
| Spud Notice | - | at least twenty-four (24) hours prior to spudding the well. |
| Casing String and Cementing | - | at least twenty-four (24) hours prior to running casing and cementing all casing strings. |
| BOP and Related Equipment Tests | - | at least twenty-four (24) hours prior to initiating pressure tests. |
| First Production Notice | - | within five (5) business days after new well begins, or production resumes after well has been off production for more than ninety (90) days. |

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

Pursuant to the provisions of 43 CFR 3103.4-2, suspension of operations and production for lease U-66407, is effective as of December 1, 1994. The suspension will terminate; (1) on the first of the month within ninety (90) days following the receipt of the approved APD, or (2) the first day of the month in which actual drilling operations are commenced.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 3M system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

The choke manifold will have adjustable chokes on each side as required by Onshore Order No. 2.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

The Vernal District Office shall be notified, at least 24 hours prior to initiating the pressure tests, in order to have a BLM representative on location during pressure testing.

3. Casing Program and Auxiliary Equipment

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the production casing at least 200 ft. above the top of Mahogany Oil shale zone, identified at ± 768 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

The Vernal District Office shall be notified at least 24 hours prior to the running and cementing of all casing strings, in order to have a BLM representative on location while running and cementing all casing strings.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to ± 568 ft. and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

The Vernal District Office shall be notified, during regular work hours (7:45 a.m.-4:30 p.m., Monday through Friday except holidays), at least 24 hours prior to spudding the well.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the AO.

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and within 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes

production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

In the event after-hours approvals are necessary, please contact one of the following individuals:

Wayne Bankert (801) 789-4170
Petroleum Engineer

Ed Forsman (801) 789-7077
Petroleum Engineer

BLM FAX Machine (801) 781-4410

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

- Unused fracturing fluids or acids
- Gas plant cooling tower cleaning wastes
- Painting wastes
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids
- Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste
- Refinery wastes
- Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- Used equipment lubrication oils
- Waste compressor oil, filters, and blowdown
- Used hydraulic fluids
- Waste solvents
- Waste in transportation pipeline-related pits
- Caustic or acid cleaners
- Boiler cleaning wastes
- Boiler refractory bricks
- Incinerator ash
- Laboratory wastes
- Sanitary wastes
- Pesticide wastes
- Radioactive tracer wastes
- Drums, insulation and miscellaneous solids.

SURFACE USE PLAN OF OPERATIONS
Conditions of Approval (COAs)

Additional Surface Conditions of Approval

The approved water source will be from the Rainbow 2A and the Rockhouse 5A flowing wells. No approval will be granted to haul from the Rainbow Unit No. 1 or the Rainbow Unit No. 5 wells.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: UNITED UTILITIES CORP.

Well Name: LAPAGLIA # 1

Api No. 43-047-32634

Section 3 Township 11S Range 23E County UINTAH

Drilling Contractor CAZA

Rig # 7

SPUDDED: Date 5/31/95

Time

How ROTARY

Drilling will commence

Reported by D. HACKFORD

Telephone #

Date: 6/20/95 Signed: JLT

STATE OF TEXAS
DIVISION OF OIL, GAS AND MINING
ENTITY ACTION FORM - FORM 6

OPERATOR United Utilities Corp.
ADDRESS 7670 Woodway #340
Houston, TX 77063

OPERATOR ACCT. NO. N6360

ACTION CODE	CURRENT ENTITY NO.	NEW ENTITY NO.	API NUMBER	WELL NAME	WELL LOCATION					SPUD DATE	EFFECTIVE DATE
					NO	SC	TP	RG	COUNTY		
<u>A</u>	<u>99999</u>	<u>11834</u>	<u>430473263</u>	<u>LAPAGLIA Fed #1</u>	<u>NESE</u>	<u>3</u>	<u>11S</u>	<u>23E</u>	<u>Uintah</u>	<u>5/31/95</u>	<u>5/31/95</u>
WELL 1 COMMENTS: <u>Entity added 10-17-95. Jec</u>											
WELL 2 COMMENTS:											
WELL 3 COMMENTS:											
WELL 4 COMMENTS:											
WELL 5 COMMENTS:											

ACTION CODES (See instructions on back of form)
 A - Establish new entity for new well (single well) only
 B - Add new well to existing entity (group or unit well)
 C - Re-assign well from one existing entity to another existing entity
 D - Re-assign well from one existing entity to a new entity
 E - Other (explain in comments section)

NOTE: Use COMMENT section to explain why each Action Code was selected.

(3/89)

Samara Aelter
Signature
Production Tech
Title
10/17/95
Date
Phone No. 713 782-9093

TOTAL P.02

OCT-17-1995 13:28

UNITED UTILITIES CORP.

713 782 9095 P.02

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE

(See other in-
structions on
reverse side)Form approved.
Budget Bureau No. 42-R355.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. LEASE DESIGNATION AND SERIAL NO.

UTU-66407

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

N/A

7. UNIT AGREEMENT NAME

N/A

8. FARM OR LEASE NAME

Federal

9. WELL NO.

Lapaglia Federal #1

10. FIELD AND POOL, OR WILDCAT

Rockhouse Gas Field

11. SEC., T., R., M., OR BLOCK AND SURVEY
OR AREA

Sec. 3, T11S, R23E SLB&M

12. COUNTY OR

PARISH

Utah

13. STATE

Utah

1a. TYPE OF WELL:

OIL

WELL

GAS

WELL

DRY

Other

OCT 23 1995

b. TYPE OF COMPLETION:

NEW

WELL

WORK

OVER

DEEP-

EN

PLUG

BACK

DIFF.

RESVR.

Other

DIVISION OF

OIL, GAS & MIN.

2. NAME OF OPERATOR

United Utilities Corporation

3. ADDRESS OF OPERATOR

7670 Woodway, Suite 340 Houston, Texas 77063

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface 2009 FSL & 780 FEL NE SE Sec. 3

At top prod. interval reported below

Same

At total depth

Same

14. PERMIT NO.

43-047-32634

DATE ISSUED

1/6/95

15. DATE SPUDDED

5/31/95

16. DATE T.D. REACHED

6/12/95

17. DATE COMPL. (Ready to prod.)*

9/20/95

18. ELEVATIONS (OF, RKB, RT, GR, ETC.)*

5427.5 K.B.

19. ELEV. CASINGHEAD

5412

20. TOTAL DEPTH, MD & TVD

5783'

21. PLUG, BACK T.D., MD & TVD

4920'

22. IF MULTIPLE COMPL.,
HOW MANY*23. INTERVALS
DRILLED BY

ROTARY TOOLS

0-T.D.

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

4848-4870; 4619-4624; 3876-3896; 3550-3558 Wasatch

25. WAS DIRECTIONAL
SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN

Induction; Density; Neutron; GR; CBL

27. WAS WELL CORED

No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
9 5/8	40	258.54	12 1/4	165 sx "G" to surface	None
4 1/2	10.5 & 11.6	5782	7 7/8	1215 sx circ. to surface	None

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					2 3/8	3857	

31. PERFORATION RECORD (Interval, size and number)

4950-4960 4JSPF .367"
4848-4856; 4867-4870 2 JSPF .367" 24 holes
4619-4624 2 JSPF .367" 11 holes
3876-3882; 3885-3896 2 JSPF .367" 36 holes
3550-3558 2 JSPF .367" 17 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
4950-4960	500 gals 7 1/2 % HCl
4848-4870	10750 gal + 30,000# 20/40
4619-4624	7200 gal + 20,050 # 20/40
3876-3896	65000 gal + 180,000# 20/40

33. PRODUCTION

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)					WELL STATUS (Producing or shut-in)	
9/20/95		Flowing					Producing	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BSL.	GAS—MCF.	WATER—BSL.	GAS-OIL RATIO	
9/20/95	24	16/64	→	0	2,556	60	--	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BSL.	GAS—MCF.	WATER—BSL.	OIL GRAVITY-API (CORR.)		
500	800	→	0	2,556	60	--		

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

Sold

TEST WITNESSED BY

Terry J. Cox

35. LIST OF ATTACHMENTS

Logs under separate cover

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

Terry J. Cox

TITLE

Consulting Pet. Engineer

DATE

10/17/95

*(See Instructions and Spaces for Additional Data on Reverse Side)

INSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency, or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 83, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Item 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

Item 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments. Items 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 83. Submit a separate report (page) on this form, adequately identified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Item 29: "Sacks Cement": Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool.

Item 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

37. SUMMARY OF POROUS ZONES: SHOW ALL IMPORTANT ZONES OF POROSITY AND CONTENTS THEREOF; CORED INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING DEPTH INTERVAL TESTED, CUSHION USED, TIME TOOL OPEN, FLOWING AND SHUT-IN PRESSURES, AND RECOVERIES				38. GEOLOGIC MARKERS		
FORMATION	TOP	BOTTOM	DESCRIPTION, CONTENTS, ETC.	NAME	MEAS. DEPTH	TOP
						TRUB VAST. DEPTH
Wasatch	3062	5158	Gas			
Mesaverde	5158	T.D.				

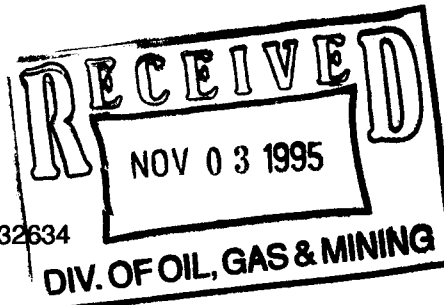
UNITED / UTILITIES CORPORATION
Engineering & Geological Group

Monica Ryden,
Geologist

November 2, 1995

Vicky Dyson
Production Group Supervisor
STATE OF UTAH
Division of Oil, Gas & Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RE: LAPAGLIA FEDERAL #1, API #43-047-32634
UINTAH COUNTY, UTAH
115 232 03 PGW



Dear Vicky,

✓
✓
✓
✓
Enclosed please find the Induction, Density, Neutron and GR logs you requested. The CBL log is forthcoming from our Engineer, Mr. Terry Cox.

Sincerely,
UNITED UTILITIES CORPORATION

Monica Ryden

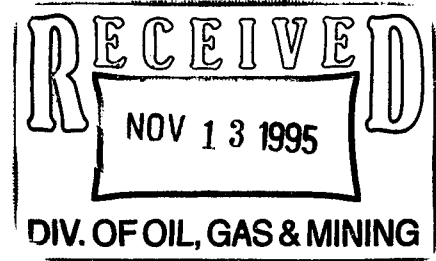
Monica E. Ryden,
Geologist

UNITED

UTILITIES INCORPORATED

November 10, 1995

Utah Dept. of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple, Suite 350
Salt Lake City, UT 84180-1203



Re: Lapaglia Federal #1
Upper Rockhouse Unit
Uintah County, Utah

43 047 32634
115 23E 3
NESE
PG 10

Dear Sir/Madam:

I am enclosing herewith for your records, a copy of the Gamma Ray Cement Bond Log on the above referenced gas well.

If you have any questions or need any additional information, please contact this office, our Geologist, Monica Ryden at (303) 696-9706, or the Consulting Petroleum Engineer, Terry J. Cox at (303) 892-9120.

Sincerely,
United Utilities Corporation

A handwritten signature in cursive script that reads "De Van Overbeke".

De Van Overbeke,
Production Secretary

:dv

pc: Monica Ryden, Geologist
Terry J. Cox, Petroleum Engineer
Tammy Seiter, Houston Office

\\msword\lapaglia\bndlg-ut.wps

UTAH DIVISION OF OIL, GAS AND MINING
EQUIPMENT INVENTORY

Operator: United Utilities Corp Lease: State: Federal: X Indian: Fee:

Well Name: Lapaglia #1 API Number: 43-047-32634

Section: 3 Township: 11S Range: 23E County: Uintah Field: Rockhouse

Well Status: PGW Well Type: Oil: Gas: X

PRODUCTION LEASE EQUIPMENT: X CENTRAL BATTERY:

1 Well head Boiler(s) Compressor Separator(s)
1 Dehydrator(s) 1 Shed(s) Line Heater(s) 1 Heated Separator
 VRU Heater Treater(s)

PUMPS:
 Triplex 1 Chemical Centrifugal

LIFT METHOD:
 Pumpjack Hydraulic Submersible X Flowing

GAS EQUIPMENT:

1 Gas Meters Purchase Meter X Sales Meter

TANKS:	NUMBER	SIZE
<u>1</u> Oil Storage Tank(s)	<u>85</u>	BBLS
<u>1</u> Water Tank(s)	<u>85</u>	BBLS
<u> </u> Power Water Tank	<u> </u>	BBLS
<u> </u> Condensate Tank(s)	<u> </u>	BBLS
<u> </u> Propane Tank	<u> </u>	

REMARKS: separator - dehydrator combo

Location central battery: Qtr/Qtr: Section: Township: Range:

Inspector: David W. Sheffield Date: 12/1/95

↑
North

Access

Wellhead



Reserve
Pit

Underground Flowline

Top
Soil

Berm

45
Bbl.
Oil tank

45
Bbl.
Water
Tank

Heated Separator
Dehydrator
Chart Recorder

Gas Sales
Line

MONTHLY OIL AND GAS PRODUCTION REPORT

OPERATOR NAME AND ADDRESS:

TAMARA SEITER
 UNITED UTILITIES CORP
 7670 WOODWAY STE 340
 HOUSTON TX 77063

UTAH ACCOUNT NUMBER: N6360REPORT PERIOD (MONTH/YEAR): 3 / 97AMENDED REPORT ☐ (Highlight Changes)

Well Name			Producing Zone	Well Status	Days Oper	Production Volumes		
API Number	Entity	Location				OIL(BBL)	GAS(MCF)	WATER(BBL)
ROCK HOUSE UNIT #44-14								
4304731806	02025	11S 23E 14	WSTC					
ROCKHOUSE UNIT 14								
4304732521	02025	11S 23E 10	WSTC					
ROCKHOUSE UNIT 13								
4304732522	02025	11S 23E 10	WSTC					
ROCKHOUSE UNIT 12								
4304732719	02025	11S 23E 9	WSTC					
ROCKHOUSE UNIT 15								
4304732734	02025	11S 23E 9	WSTC					
ROCKHOUSE UNIT 17								
4304732760	02025	11S 23E 9	WSTC					
ROCKHOUSE UNIT 18								
4304732762	02025	11S 23E 16	WSTC					
LAPAGLIA #1								
4304732634	11834	11S 23E 3	WSTC			UTU66407	Upper Rockhouse	Not a Fed. Unit
ACOSTA #1								
4304732584	11906	11S 23E 3	WSTC			UTU66407	"	"
ROCKHOUSE 13-A								
4304732753	11949	11S 23E 10	GRRV					
RAINBOW UNIT 7 (DUAL COMP)								
4304732778	11999	11S 24E 18	MVRD					
TOTALS								

COMMENTS:

I hereby certify that this report is true and complete to the best of my knowledge.

Date: _____

Signature: _____

Telephone Number: _____

FAX

To:

Attn:

Jesha CordovaTime Sent: 3:28 pm

From:

Sammy Lee

Date:

4/8/97

Number of Pages:

4

Fax Number:

(801) 359-3940

(includes this page)

Remarks:

Jesha, I'm faxing you a letter
where United is Rescoping as
unit operator effective 2/1/97

Please call with any
questions,

Thanks, Sammy

The information contained in this facsimile message is privileged and confidential information, intended for the use of the individual or entity indicated above. Any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone and return the original message to us via the U. S. Postal Service. Thank you.

UUC

UNITED UTILITIES CORPORATION
7670 Woodway Dr., Suite 340
Houston, Texas 77063
Phone: (713) 782-9093
Fax: (713) 782-9095

UNITED
UTILITIES INCORPORATED

April 8, 1997

State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
ATTN: Lisha Cordova

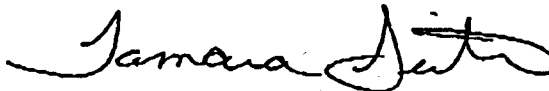
Re: Resignation of Unit Operator (Rainbow, ~~Rockhouse~~ ~~Rockhouse~~) **Note Federal Unit. Jee*

Dear Lisha Cordova,

Per our conversation on April 7, 1997 United Utilities Corporation has resigned as Unit Operator effective February 1, 1997 and Rosewood Resources Inc. is now the new Operator effective February 1, 1997. Please find the Monthly Oil and Gas Production Report showing Well Name, API # and Location of the Wells so that you can properly update United Utilities and Rosewoods Accounts.

Thanks in advance and have a great day.

Sincerely,
United Utilities Corporation



Tamara Seiter
Senior Accountant
Revenue & Joint Interest Billing

ts



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal District Office.

170 South 500 East

Vernal, Utah 84078-2799

Phone: (801) 781-4400

Fax: (801) 781-4410

IN REPLY REFER TO:

3162.3

UT08300

May 13, 1997

Rosewood Resources, Inc.
Attn: Jim McQuillen
100 Crescent Court, Suite 500
Dallas, TX 75201

Re: Well No. Lapaglia 1
NESE, Sec. 3, T11S, R23E
Lease U-66407
Uintah County, Utah

Dear Mr. McQuillen:

This correspondence is in regard to the self-certification statement submitted requesting a change in operator for the referenced well. After a review by this office, the change in operator request is approved. Effective immediately, Rosewood Resources, Inc. is responsible for all operations performed on the referenced well. All liability will now fall under your bond, BLM Bond No. MT0627, for all operations conducted on the referenced well on the leased land.

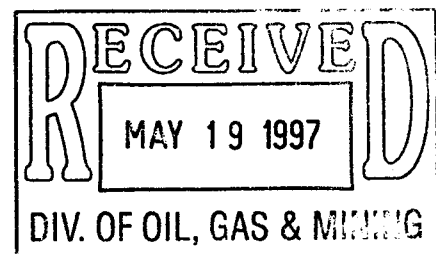
If you have any other questions concerning this matter, please contact Margie Herrmann or Pat Sutton of this office at (801) 789-1362.

Sincerely,

Howard B. Cleavinger II
Assistant Field Manager
Minerals Resources

cc: United Utilities Corporation
~~Division of Oil, Gas & Mining~~
Joe Acosta
First Page Inc.

bcc: well file
realty U-73630



OPERATOR CHANGE WORKSHEET

Attach all documentation received by the division regarding this change.

Initial each listed item when completed. Write N/A if item is not applicable.

Routing:	
1-REC	6-REC
2-GLH	7-KAS
3-DT	8-SL
4-VLD	9-FILE
5-JRB	

- ☒ Change of Operator (well sold) ☐ Designation of Agent
☐ Designation of Operator ☐ Operator Name Change Only

The operator of the well(s) listed below has changed, effective: 2-1-97

TO: (new operator) ROSEWOOD RESOURCES INC
 (address) 100 CRESCENT COURT #500
DALLAS TX 75201
 Phone: (214)871-5710
 Account no. N7510

FROM: (old operator) UNITED UTILITIES CORP.
 (address) 7670 WOODWAY STE 340
HOUSTON TX 77063
TAMARA SEITER
 Phone: (713)782-9093
 Account no. N6360

WELL(S) attach additional page if needed:

Name: <u>LAPAGLIA #1/WSTC</u>	API: <u>43-047-32634</u>	Entity: <u>11834</u>	S	<u>3</u>	T	<u>11S</u>	R	<u>23E</u>	Lease: <u>UTU66407</u>
Name: <u>ACOSTA #1/WSTC</u>	API: <u>43-047-32584</u>	Entity: <u>11906</u>	S	<u>3</u>	T	<u>11S</u>	R	<u>23E</u>	Lease: <u>"</u>
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____
Name: _____	API: _____	Entity: _____	S	_____	T	_____	R	_____	Lease: _____

OPERATOR CHANGE DOCUMENTATION

- Yec 1. (r649-8-10) Sundry or other legal documentation has been received from the **FORMER** operator (attach to this form). Rec'd 4-8-97
- * 2. (r649-8-10) Sundry or other legal documentation has been received from the **NEW** operator (Attach to this form). (see BLM Appr. to Rosewood)
- N/A 3. The **Department of Commerce** has been contacted if the new operator above is not currently operating any wells in Utah. Is the company **registered with the state?** (yes/no) _____ If yes, show company file number: _____
- Yec 4. **FOR INDIAN AND FEDERAL WELLS ONLY.** The BLM has been contacted regarding this change. Make note of BLM status in comments section of this form. BLM approval of **Federal** and **Indian** well operator changes should ordinarily take place prior to the division's approval, and before the completion of **steps 5 through 9** below.
- Yec 5. Changes have been entered in the **Oil and Gas Information System** (3270) for each well listed above. (5-29-97)
- Yec 6. **Cardex** file has been updated for each well listed above. (5-29-97)
- Yec 7. Well **file labels** have been updated for each well listed above. (5-29-97)
- Yec 8. Changes have been included on the monthly "Operator, Address, and Account Changes" **memo** for distribution to Trust Lands, Sovereign Lands, UGS, Tax Commission, etc. (5-29-97)
- Yec 9. A folder has been set up for the **Operator Change file**, and a copy of this page has been placed there for **reference during routing and processing of the original documents.**

ENTITY REVIEW

- lec 1. (r649-8-7) Entity assignments have been reviewed for all wells listed above. Were entity changes made? (yes/no) no If entity assignments were changed, attach copies of Form 6, Entity Action Form.
- N/A 2. Trust Lands, Sovereign Lands, Tax Commission, etc., have been **notified** through normal procedures of entity changes.

BOND VERIFICATION - (FEE WELLS ONLY)

- N/A/lec 1. (r649-3-1) The **NEW** operator of any fee lease well listed above has furnished a proper bond.
2. A **copy of this form** has been placed in the new and former operator's bond files.
3. The **FORMER** operator has requested a release of liability from their bond (yes/no) , as of today's date . If yes, division response was made to this request by letter dated .

LEASE INTEREST OWNER NOTIFICATION OF RESPONSIBILITY

- N/A 1. Copies of documents have been sent on to at Trust Lands for changes involving State leases, in order to remind that agency of their responsibility to review for proper bonding.
- N/A 2. (r649-2-10) The former operator of any fee lease wells listed above has been contacted and informed by letter dated 19 , of their responsibility to notify all interest owners of this change.

FILMING

- ✓ 1. All attachments to this form have been **microfilmed**. Today's date: 6.20.97.

FILING

1. Copies of all attachments to this form have been filed in each **well file**.
2. The **original of this form**, and the **original attachments** are now being filed in the Operator Change file.

COMMENTS

970529 Blm/SL Apr. 5-13-97

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reenter a different reservoir.
Use "APPLICATION FOR PERMIT -" for such proposals

5. Lease Designation and Serial No.
UTU-66407

6. If Indian, Allottee or Tribe Name
NA

7. If Unit or CA, Agreement Designation
NA

8. Well Name and No.
Lapaglia Federal #1

9. API Well No.
43-047-32634

10. Field and Pool, or Exploratory Area
Rock House

11. County or Parish, State
UINTAH CO., UTAH

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
ROSEWOOD RESOURCES, INC.

3. Address and Telephone No.
P.O. Box 1668, Vernal, UT 435-789-0414

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2009' FSL 780' FEL, NE/SE Section 3, T11S, R23E, S.L.B. & M

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

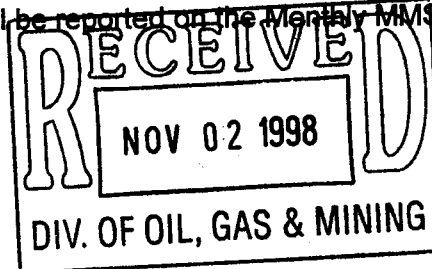
TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other _____
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☒ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Produced water will be tanked on location and then trucked to the state approved TU & FRUM Disposal Facility located in Section 12, T5S, R19E, Uintah County. Produced water will be reported on the Monthly MMS-3160 from.



COPIES: ORIG. & 2-BLM; DIV. OG&M; J MCQUILLEN

14. I hereby certify that the foregoing is true and correct

Signed

Accepted by the
Utah Division of
Oil, Gas and Mining

Title **Administrative Assistant**

Date **10/28/98**

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Federal Approval of this
Action is Necessary

FOR RECORD ONLY

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

***See Instructions on Reverse Side**